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Qwest.

John W. Kure
Executive Director - Federal Regulatory

January 17, 2001

EX PARTE

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
Room TW-A325
Portals II
445 12th Street, S.W.
Washington, DC 20554

RE: CC Docket No. 99-68, Inter-Carrier Compensation

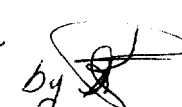
Dear Ms. Roman Salas:

Pursuant to 47 C.F.R. Section 1.1206, attached, for inclusion in the public record, are two copies of an ex parte presentation made today with Ms. Dorothy T. Attwood, Chief of the Common Carrier Bureau, in the above-captioned proceeding, CC Docket No. 99-68, on the subject of reciprocal compensation, in response to a January 10, 2001 ex parte presentation made by the "members of the competitive industry."

An additional copy has been included for "stamp and return." The messenger has been instructed to wait for the stamped copy.

Please do not hesitate to contact the undersigned with any questions.

Respectfully submitted,

John W. Kure
John W. Kure by 

c: D. Attwood

100 Copies rec'd
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dorothy T. Attwood
Chief, Common Carrier Bureau
Federal Communications Commission
5th Floor
Portals II
445 12th Street, S.W.
Washington, DC 20554

RE: CC Docket No. 99-68, Inter-Carrier Compensation

Dear Ms. Attwood:

We have had an opportunity to review the January 10, 2001 ex parte presentation filed with your office by a group identifying itself as "members of the competitive industry" ("Competitive Parties") in the above-captioned docket.¹ In this ex parte presentation, a "modified mandatory transition plan" is presented and discussed. The plan proposed in the ex parte would not generate a meaningful year over year reduction in the payments that competitive local exchange carriers ("CLEC") serving only, or primarily, Internet service providers ("ISP") would receive from incumbent local exchange carriers ("ILEC") during the transition period.

Qwest Corporation ("Qwest") is part of a group of ILECs that has been studying the reciprocal compensation issue intensely over the past year with the goal of assisting the industry

¹ The Competitive Parties' members do not further identify themselves in the ex parte filing which we have obtained. As the ex parte presentation references and incorporates a December 18, 2000, letter in which the "members of the competitive industry" were identified as ALTS and CompTel, we assume that the same entities also filed the January 10 ex parte presentation.

in coming to a reasonable and timely solution to the ISP reciprocal compensation problem (and other reciprocal compensation questions which the Commission might wish to address). This group, including Qwest, filed a response to the January 10 ex parte presentation. We write separately here to note a critical item that has been of particular interest to Qwest.

As part of their “modified mandatory transition plan,” the Competitive Parties suggest a special rate prescription for those states that have already moved to the economically more rational bill and keep structure.² As this Commission is aware, three of Qwest’s states have already adopted a bill and keep regime for the exchange of ISP traffic among LECs.³ This bill and keep approach is consistent with all reasoned economic theory on the subject, the public interest and the analyses presented to the public by experts on the Commission’s own staff.⁴ With the singular exception of the CLECs who have reaped the windfall of reciprocal compensation for ISPs in the past several years, there seems now to be approaching a near universal consensus that bill and keep is the reasonable and proper method of structuring inter-carrier compensation for ISP traffic, and possibly for other types of traffic as well.⁵

The Competitive Parties, as part of their proposed transition, would have the Commission reverse the actions of these states and force them, as part of their transition, to adopt a variant of

² January 10 ex parte presentation at 3.

³ Colorado, Arizona and Iowa.

⁴ See Bill and Keep at the Central Office As the Efficient Interconnection Regime, Patrick DeGraba, Deputy Chief Economist, Federal Communications Commission, OPP Working Paper No. 33; A Competitively Neutral Approach To Network Interconnection, Jay M. Atkinson and Christopher C. Barnekov, Office of Plans and Policy, Federal Communications Commission, OPP Working Paper No. 34.

the very compensation mechanism which the Commission is trying to get away from. In other words, the Competitive Parties would have this Commission mandate payment of ISP compensation where a state has already found it to be unreasonable and arbitrary in the name of establishing a "transition." This is a suggestion devoid of merit. Where positions have been taken that are already in line with the generally acclaimed outcome, one does not establish a transition away from that outcome by requiring regulated companies to adopt, albeit temporarily, the opposite position on an involuntary basis. It is one thing to allow and accept a transition from an existing position to a more rational one on a phased-in basis in order to permit the industry to accommodate itself to the new regime. It is something quite different to take a rational and lawful position by the state and force the state to adopt, on a "transitional basis," something completely counter to any final outcome of the issue consistent with the weight of authority. The position in the January 10 ex parte presentation which would require states already ordering bill and keep for ISPs to adopt instead a "transitional" "reciprocal compensation" structure is simply spurious.

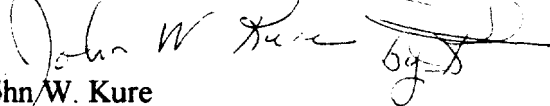
As noted above, we support the ILEC ex parte filed on January 16, 2001 on this same subject. For the Qwest position on the other issues raised in the January 10 ex parte presentation, please consult that document.

⁵ As has been pointed out on a number of occasions, bill and keep does not mean that CLECs serving ISPs are not compensated for their services. It merely means that these CLECs must look to their own customers, not someone else's customers, for this compensation.

Ms. Dorothy T. Attwood
Federal Communications Commission
January 17, 2001
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Please do not hesitate to contact the undersigned with any questions.

Respectfully submitted,


John W. Kure

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